
Ferring Pharmaceuticals A/S

Amager Strandvej 405, DK-2770 Kastrup

Annual Report for 2023

CVR No. 16 31 34 40

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/6 2024

Marianne Kock
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Ferring Pharmaceuticals A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Kastrup, 19 June 2024

Executive Board

Jan Peutzfeldt
CEO

Anette Hedegaard Østergaard

Kim Fonager Jensen

Klaus Grøn­bæk Jakobsen

Lene Melchior­sen

Board of Directors

Marianne Kock
Chairman

Dag Frederik Arfst Paulsen

Pierre Yves Berclaz

Jean-Frederic Paulsen

Independent Auditor's report

To the shareholder of Ferring Pharmaceuticals A/S

Opinion

We have audited the Financial Statements of Ferring Pharmaceuticals A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Copenhagen, 19 June 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33963556

Flemming Larsen

State Authorised Public Accountant

mne27790

Company information

The Company	Ferring Pharmaceuticals A/S Amager Strandvej 405 2770 Kastrup Telephone: +45 88 33 88 34 Email: www.ferring.com CVR No: 16 31 34 40 Financial period: 1 January - 31 December Incorporated: 1 August 1992 Municipality of reg. office: Tårnby
Board of Directors	Marianne Kock, chairman Dag Frederik Arfst Paulsen Pierre Yves Berclaz Jean-Frederic Paulsen
Executive Board	Jan Peutzfeldt Anette Hedegaard Østergaard Kim Fonager Jensen Klaus Grønbæk Jakobsen Lene Melchiorsen
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S
Bankers	Danske Bank Holmens Kanal 2 1090 Copenhagen

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,457,509	1,261,432	1,005,468	1,051,468	1,380,192
Gross profit	707,843	645,934	552,071	540,256	554,346
Profit/loss of primary operations	88,956	66,540	54,035	56,547	58,373
Profit/loss of financial income and expenses	-2,721	-2,595	-1,976	-3,796	-9,309
Net profit/loss for the year	67,110	52,377	40,174	40,928	38,281
Balance sheet					
Balance sheet total	586,405	485,671	472,880	381,839	378,172
Investment in property, plant and equipment	17,916	71,338	84,056	33,734	16,751
Equity	189,325	121,995	69,618	79,444	106,516
Number of employees	578	487	497	533	525
Ratios					
Gross margin	48.6%	51.2%	54.9%	51.4%	40.2%
Profit margin	6.1%	5.3%	5.4%	5.4%	4.2%
Solvency ratio	32.3%	25.1%	14.7%	20.8%	28.2%
Return on equity	43.1%	54.7%	53.9%	44.0%	71.9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

Ferring Pharmaceuticals A/S main activity is to act as an international pharma science centre of the Ferring Group, responsible for activities within research & product development. Around 2/3 of the employees are within these activities. The remaining 1/3 are within Global functions such as Medical, Franchises, Technical operations, IT and Legal, as well as local support functions.

All costs are invoiced to the Ferring Group companies, which own the underlying activity or research and development project and receive the service, with an agreed mark-up percentage.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 67.1 million, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 189.3 million.

Revenue increased from DKK 1,261 million in 2022 to DKK 1,458 million in 2023, driven by higher activities across functions, as well as full year effects on our move to the new domicile, Soundport.

The profit before tax increased from DKK 63.9 million in 2022 to DKK 86.2 million in 2023, in line with higher revenue.

The past year and follow-up on development expectations from last year

The profit for the year is in line with expectations.

Investments

Investments amounted to DKK 17,9 million in 2023 against DKK 72,3 million in 2022. The investments levels for the two years are to be seen in the context of our move to the newly build domicile, Soundport, in March 2022.

Capital resources

Ferring Pharmaceuticals A/S has equity of DKK 189.3 million (2022: DKK 121.9 million). The increase is explained by the results for the year. No dividend for 2023.

Targets and expectations for the year ahead

Management expects an increase in activities in 2024. This implies an expectation of revenue in the range of DKK 1.550 – 1.650 million, compared to DKK 1.457 million for 2023. The Operating profit is expected to be in the range of DKK 95 – 105 million, compared to DKK 89 million in 2023.

Statement of corporate social responsibility

A company's value is determined not just by its business performance and record of innovation, but also by its commitment to environmental sustainability, the contribution it makes to society, and its adherence to ethical standards. Our environmental, social and governance (ESG) principles are embodied in the Ferring Philosophy 1), which places people at the heart of our business and prioritises the pursuit of excellence and the highest standards of integrity in everything we do.

1) See <https://www.ferring.com/about-ferring/approach/ferring-philosophy/>

During 2023, we made further progress towards our goal of sustainability based on the findings of a materiality assessment conducted for us by independent experts in 2021. This examined all Ferring's activities under the three pillars of Purpose, People and Planet, providing an objective basis to identify priorities for action, establish achievable targets, and implement metrics to monitor progress.

Management's review

The assessors applied a rigorous methodology called double materiality, which examines both the financial impact of each sustainability issue on the company, and the impact of the company's operations and supply chain on people and the environment. Another double materiality assessment will be carried out in 2024, in line with the new EU Corporate Sustainability Reporting Directive (CSRD), to reassess the most salient areas for Ferring.

The assessment identified seven topics with a financial and materiality impact for Ferring:

- Greenhouse gas emissions and energy
- Human rights
- Access & affordability
- Diversity, equity and inclusion
- Employee engagement
- Bioethics
- Product quality & safety

Each of these topics has its own objectives, targets and metrics, and our disclosures must comply with the non-financial reporting requirements of the Swiss Code of Obligations and the European Union Corporate Sustainability Reporting Directive (EU-CSR), when applicable. To ensure adherence, accurate and specific data must be collected throughout the year, and in 2023 we improved the robustness of our data collection process through a data mapping exercise aligned with the European Sustainability Reporting Standards (ESRS). We also identified timings, methodologies and frameworks for data collection, with potential for automation using appropriate software. The goal is to create a simplified process for gathering, storing and analysing ESG data covering all material topics and other aspects of sustainability.

Since 2016, Ferring has also participated in the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, and we continually strive to align our strategies and operations with the relevant UN Sustainable Development Goals (SDGs). This further demonstrates our commitment to setting ambitious and measurable targets that meet global standards of sustainability.

In 2023, we embarked on a programme to embed sustainability into all aspects of Ferring's activities worldwide. An ESG Steering Committee of senior leaders, established in 2022, is driving the integration of ESG principles into every level of the organisation.

Where appropriate, sustainability key performance indicators were included in Ferring's Group and functional objectives, and we strengthened our global network of sustainability ambassadors to support and drive initiatives. Sustainability priorities and goals were shared with employees through multiple communication channels including townhall meetings, newsletters and events to raise awareness, and ESG training programmes were introduced to build knowledge.

Ferring's annual Sustainability Report 1), gives detailed information on the material topics and on the progress we are making towards reaching our ESG targets.

1) See <https://ferringgroup.sharepoint.com/sites/News/SitePages/Ferring-publishes-Sustainability-Report-2023.aspx>

Management's review

Environmental

Greenhouse gas (GHG) emissions:

We successfully collected data on greenhouse gas emissions for the first time in 2021, including scope 1, 2 and 3 emissions (1). In 2023, this was extended to encompass all Ferring's global operations, including manufacturing, R&D and marketing and sales sites. The methodology was also refined to increase the quality of data in terms of accuracy and completeness, and to develop a decarbonisation roadmap. Data on Ferring's GHG emissions for 2022-23 will be disclosed in the 2023 Sustainability Report. This will enable us to set targets under criteria laid down by the Science Based Targets initiative (SBTi), supported by a comprehensive decarbonisation plan for near-term targets, and a strategy aiming at decoupling economic growth from GHG emissions for long-term and net zero targets.

1) Scope 1: Emissions from sources that a company owns or directly controls. Scope 2: Emissions caused by the production of energy used by the company. Scope 3: Emissions that a company is indirectly responsible for, e.g. when it buys products from suppliers.

In the meantime, we are maximising opportunities to reduce our carbon footprint in manufacturing and logistics through measures such as electrifying road transport on the main route from our global headquarters. We are insetting hydrotreated vegetable oil (HVO), a diesel-like fuel that can be produced from vegetable oil and other residues from the agriculture and food industry. A sustainable packaging plan was also introduced to reduce the amount of packaging material (mainly paper, cardboard and plastic) and reuse tertiary packaging (such as pallets).

Management's review

Social

Human Rights:

Ferring has an overriding duty to respect the human rights of everyone involved in our business, including patients, employees, workers in the value chain, and people in the communities where we operate. During 2023 we prioritised key areas of focus, evaluated recommendations, and agreed action plans to prevent or address potential concerns. We also developed a Human Rights Commitment setting out our general approach across every aspect of Ferring's operations 1).

1) See <https://www.ferring.com/wp-content/uploads/sites/16/2023/12/Human-Rights-Commitment.pdf>

For Ferring employees, we pursued a number of health and safety initiatives with the goal of reducing the lost time incident rate (LTIR). We also maintained global access to the Ferring AlertLine, a tool available in 180 languages for employees or people outside Ferring to provide information confidentially on any potential concerns.

In a further important initiative to protect privacy, we finalised a data governance roadmap to strengthen our privacy processes, and will shortly begin a pilot to assess the effectiveness of the data classification project. A new and robust due diligence process was introduced for suppliers, with processes for systems handling and storing personal information.

We remain committed to responsible supplier selection and are reviewing our processes to ensure that sustainability criteria are applied to 90% of new contracts with a value of more than €1m. We also introduced a framework for vendor due diligence to optimise supplier management and value chain working conditions.

Access and affordability of healthcare:

We maintained progress on our Safe Birth programme to reduce maternal deaths by providing our heat-stable medicine Carbetocin Ferring at an affordable and sustainable access price in low- and lower middle-income countries. This is implemented through a long-term collaboration with the WHO and MSD for Mothers.

We also continued our five-year programme to help improve health centres and train midwives in rural areas of Ethiopia. The project is designed and managed by GreenLamp, a non-profit organisation whose mission is to empower women and girls through education, healthcare, and technology to support change in their communities. In 2023, we extended our support to include three more health centres in Ethiopia, which are being provided with medication and supplies such as sterilisation kits, blankets for newborn babies, and food for maternity wards. We also installed three more solar-powered systems with fridges, allowing more effective treatment and storage of medicines. We maintained our support for a midwife mentor to train and coach other health workers, and established an outreach service so she can spend time at the health centres, offering ultrasound scans, ante- and post-natal checks, nutritional and development education, and family planning.

These initiatives form part of our access and affordability strategy, which aims to integrate market access planning into global drug development, provide greater educational support and formalise corporate giving, and develop patient assistance programmes for those without the means to pay.

Diversity, equity and inclusion:

Our commitment to diversity, equity and inclusion (DE&I) is fundamental to the way we work at Ferring. In 2023, we introduced further initiatives to demonstrate our commitment to creating a more inclusive and equitable workplace. We established a Taskforce to drive the integration of DE&I principles into our policies and processes, guided by the three pillars of our strategic roadmap, namely talent and representation, opportunity and reward, and culture and connection. We have identified a series of goals including increasing the gender balance in leadership, implementing locally driven plans to remove barriers and access diverse talent, and building a culture of inclusion through interactive training. We have also adopted measurable targets, fostering shared accountability across business areas, geographies and organisational levels.

Management's review

In 2023, we identified a methodology for measuring inclusion based on our engagement data. In another important step, we developed internal guidance and a governance framework to support the rollout of Employee Resource Groups (ERGs). These groups are a catalyst for fostering an inclusive culture based on shared experiences, perspectives, and interests. The first global ERG, the Women's Inclusion Network, is being launched in early 2024, inspired by the success of the Ferring US Women's Council.

Another demonstration of our commitment to the principles of DE&I is the Building Families at Ferring (BFF) programme, under which employees are entitled to 26 weeks of paid parental leave for both parents. The programme also offers unlimited financial support for those who experience challenges becoming parents. This ensures access to available options including fertility treatment, egg and sperm freezing, adoption or surrogacy programmes, and to counselling. Since BFF was launched in July 2022, 133 employees have taken advantage of the financial benefits and 385 have taken parental leave. In 2023, Ferring was accredited as a Fertility-Friendly Employer by Fertility Matters at Work, recognising our industry-leading support package and our progress in integrating fertility into employee conversations and training. For the second year running, the Dave Thomas Foundation for Adoption named Ferring Pharmaceuticals as the most adoption-friendly workplace in the USA.

Employee engagement:

Developing and measuring employee engagement is a priority for Ferring, as we seek to create a fulfilling workplace where everyone can thrive and deliver their best. Results from our annual Global Engagement Survey show a strong team spirit at Ferring, where new ideas are listened to and accepted, and employees feel supported by each other in their commitment to do high-quality work. In 2023, the latest survey produced a 92% participation rate (the highest ever), with an overall engagement mean of 4.14 (down slightly by -0.04 from 2022) and a 3.99 score for follow-through on action plans (down slightly by -0.06 from 2022). Following previous surveys, we focused on action plans as the best means for managers and their teams to bring about improvement. In 2023, we examined how these plans work for different groups of employees and adapted them accordingly, as well as reinforcing managers' accountability for implementation. We also developed our network of engagement ambassadors and elevated their status and corporate recognition. In recognition of these efforts, Ferring won a Gallup Exceptional Workplace Award for the second year running.

Governance

Bioethics:

Ferring has a strong heritage and values, and we have always placed ethical considerations at the heart of everything we do. As the company expands, we have increasingly focused on formalising our approach to bioethics, in other words the ethical principles and issues relating to biology, medicine and healthcare. We laid the foundations for this by establishing a Global Bioethics Department and strategic plan, and in 2023 we moved to the next level by implementing an overarching bioethics policy and publishing policy statements on topics such as reproductive medicine and maternal health. We developed criteria and established baselines for measuring our bioethics performance and set up a cross-functional Bioethics Steering Committee for senior leaders with the Chief Sustainability Officer as a member. To embed a bioethics culture and consciousness across the organisation, we created an intranet site with information for employees, established a Bioethics Advisory Service to help resolve any ethical dilemmas, and contributed to internal meetings to raise awareness.

Product quality and safety:

Ferring is committed to the development, production and commercialisation of safe and effective products and services that meet the needs and expectations of our patients, customers, regulators and healthcare professionals. In 2023, we maintained constant vigilance to ensure the safety, efficacy and quality of our medicines for patients, physicians and clinical trial participants.

Statement on gender composition

Management's review

At Ferring, we know that it is the combination of our diverse backgrounds, experiences, expertise, and perspectives that enables us to innovate and deliver on our purpose to build families and help people live better lives. Realizing that diversity covers a full spectrum of human differences and respecting that management must be selected based on their capabilities, we strive to achieve a balanced representation of genders at all levels of management in the organization.

2023

Top management

Total number of members	4
Underrepresented gender %	25%

Other management levels

Total number of members	37
Underrepresented gender %	35%
Target figure %	40%
Year for meeting target	2026

In 2023 the board of directors consisted of 3 men and 1 woman and is therefore regarded as having an equal gender distribution. Consequently, Ferring is not obligated to set targets for gender distribution at the board level.

For "other management" covering 37 employees, men where in 2023 the underrepresented gender (35%). Ferring's ambition is the underrepresented gender should reach a target of min 40%, in accordance with paragraph 99b of the Danish Financial Statements Act.

As Ferring does not yet have an equal share of men and women in the "other management" level we have during 2023 established a number of actions to continue working for diversity, equal opportunities and inclusion at all levels in the organization. Some of these actions such as "A new portfolio of "Leadership Programs" a "Mentor Program" for aspiring managers and an "awareness e-learning on unconscious bias" was implemented at a global level. Furthermore, local actions such as "Manager's Network Meetings on Inclusive Leadership & Allyship" as well as an internal "Ferring Network" for future leaders with high potential was implemented. The "Ferring Network" has an even participation of men and women.

Statement on data ethics

Ferring abides by the following policies, procedures, and programs to underpin the implementation of the company's future data ethics principles:

- The Ferring Philosophy
- Ferring's Code of Conduct
- Data Ethics Policy
- Global Privacy Policy
- Information Security Policy
- Biosamples Policy
- Diversity & Inclusion Program
- "Good x Practice" (i.e., Good Laboratory Practice, Good Distribution Practice, Good Manufacturing Practice, Good Clinical Practice, and Good Pharmacovigilance Practice) of the business

Ferring's data ethics policy outlines the ethics by design principles and overarching vision. The policy is anticipated to become effective later this year. After which, the work of the Data Ethics Advisory Committee will commence as part of existing data governance framework.

Regarding clinical trials conducted on Ferring's behalf, the company ensures that the necessary approvals are obtained from ethics committees as required within the different jurisdictions around the world.

Management's review

All employees are asked to sign off on the Ferring Code of Conduct which obligates employees to raise concerns about misconduct or unethical behavior through Ferring's whistleblower line.

The Use of IT Assets and IS Security Policy sets out specific standards to achieve the objectives confidentiality, integrity and availability which includes requirements for access control, data classification and information security awareness training.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	1,457,509	1,261,432
Other external expenses		-749,666	-615,498
Gross profit		707,843	645,934
Staff expenses	2	-589,536	-548,186
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-29,229	-19,728
Other operating expenses	4	-122	-11,480
Profit/loss before financial income and expenses		88,956	66,540
Financial income		5,514	779
Financial expenses	5	-8,235	-3,374
Profit/loss before tax		86,235	63,945
Tax on profit/loss for the year	6	-19,125	-11,568
Net profit/loss for the year	7	67,110	52,377

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Acquired licenses		12,889	29,790
Intangible assets	8	12,889	29,790
Other fixtures and fittings, tools and equipment		98,403	74,630
Leasehold improvements		92,035	0
Property, plant and equipment in progress		11,419	121,761
Property, plant and equipment	9	201,857	196,391
Deposits	10	43,095	43,977
Fixed asset investments		43,095	43,977
Fixed assets		257,841	270,158
Receivables from group enterprises		247,804	156,608
Other receivables		12,325	9,427
Corporation tax		0	10,902
Prepayments	11	67,185	38,267
Receivables		327,314	215,204
Cash at bank and in hand		1,250	309
Current assets		328,564	215,513
Assets		586,405	485,671

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital	12	500	500
Retained earnings		188,825	121,495
Equity		189,325	121,995
Provision for deferred tax	13	6,267	7,857
Provisions		6,267	7,857
Payables to group enterprises		75,000	100,000
Long-term debt	14	75,000	100,000
Trade payables		174,247	116,357
Payables to group enterprises	14	45,468	40,065
Corporation tax		9,159	14,957
Other payables		86,939	84,440
Short-term debt		315,813	255,819
Debt		390,813	355,819
Liabilities and equity		586,405	485,671
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
Accounting Policies	18		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	500	121,495	121,995
Correction opening balance	0	220	220
Net profit/loss for the year	0	67,110	67,110
Equity at 31 December	500	188,825	189,325

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Revenue		
Geographical segments		
Switzerland	1,457,509	1,261,422
Other	0	10
	<u>1,457,509</u>	<u>1,261,432</u>
Activity		
R&D Services	1,153,180	1,038,540
Other	304,329	222,892
	<u>1,457,509</u>	<u>1,261,432</u>
	2023	2022
	TDKK	TDKK
2. Staff Expenses		
Wages and salaries	527,774	491,851
Pensions	55,725	51,607
Other social security expenses	6,037	4,728
	<u>589,536</u>	<u>548,186</u>
Including remuneration to the Executive Board:		
Executive board	15,255	9,972
	<u>15,255</u>	<u>9,972</u>
Average number of employees	<u>578</u>	<u>559</u>
Certain members of the management is included in special incentive programs in other group companies for work performed for the group.		
	2023	2022
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	8,206	7,224
Depreciation of property, plant and equipment	21,023	12,504
	<u>29,229</u>	<u>19,728</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
4. Other operating expenses		
Loss on sale of fixed assets	122	11,480
	<u>122</u>	<u>11,480</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
5. Financial expenses		
Interest paid to group enterprises	1,963	3,013
Other financial expenses	385	361
Exchange loss	5,887	0
	<u>8,235</u>	<u>3,374</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
6. Income tax expense		
Current tax for the year	18,854	12,889
Deferred tax for the year	-455	-1,321
Adjustment of tax concerning previous years	1,861	0
Adjustment of deferred tax concerning previous years	-1,135	0
	<u>19,125</u>	<u>11,568</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
7. Profit allocation		
Retained earnings	67,110	52,377
	<u>67,110</u>	<u>52,377</u>

Notes to the Financial Statements

8. Intangible fixed assets

	Acquired licenses
	TDKK
Cost at 1 January	58,286
Disposals for the year	-1,541
Transfers for the year	-8,383
Cost at 31 December	<u>48,362</u>
Impairment losses and amortisation at 1 January	28,496
Amortisation for the year	8,206
Reversal of impairment and amortisation of sold assets	-1,434
Transfers for the year	205
Impairment losses and amortisation at 31 December	<u>35,473</u>
Carrying amount at 31 December	<u>12,889</u>

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	155,982	6,611	121,761
Additions for the year	11,128	3,672	3,116
Disposals for the year	-17,463	-9,376	0
Transfers for the year	31,235	93,578	-113,458
Cost at 31 December	<u>180,882</u>	<u>94,485</u>	<u>11,419</u>
Impairment losses and depreciation at 1 January	81,352	6,611	0
Depreciation for the year	18,573	2,450	0
Reversal of impairment and depreciation of sold assets	-17,448	-9,376	0
Transfers for the year	2	2,765	0
Impairment losses and depreciation at 31 December	<u>82,479</u>	<u>2,450</u>	<u>0</u>
Carrying amount at 31 December	<u>98,403</u>	<u>92,035</u>	<u>11,419</u>

Notes to the Financial Statements

10. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	43,977
Disposals for the year	-882
Cost at 31 December	<u>43,095</u>
Carrying amount at 31 December	<u>43,095</u>

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, subscriptions, software licences, insurance premiums, etc as well as the balance of material of IMPs (Investigational Medical Products) and APIs (Active Pharmaceutical Ingredients).

12. Share capital

There have been no changes to the contributed capital for the past five years.

13. Provision for deferred tax

	2023	2022
	TDKK	TDKK
Deferred tax liabilities at 1 January	7,857	9,178
Adjustment of deferred tax concerning previous years	-1,135	0
Amounts recognised in the income statement for the year	-455	-1,321
Deferred tax liabilities at 31 December	<u>6,267</u>	<u>7,857</u>
Intangible assets	2,664	227
Property, plant and equipment	<u>3,603</u>	<u>7,630</u>
	<u>6,267</u>	<u>7,857</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
14. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	75,000	100,000
Long-term part	75,000	100,000
Other short-term debt to group enterprises	45,468	40,065
	120,468	140,065

	2023	2022
	TDKK	TDKK
15. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:	2,176,680	2,132,783

Unrecognised rental and lease commitments consists almost exclusively of the lease of premises for the R&D organisation in Copenhagen. The original business lease agreement of the Company's new premises was entered on 23 January 2015 and signed by the Group. Since then a number of addendums to the original leasing contract has been entered by the Company. Thus the disclosed amount represents the contractual commitment equal to the latest signed addendum. With effect from 1 May 2022 the Company has committed to a 25 year lease term at an annual rent as a percentage of the construction costs. According to the Agreement the Company have paid a fixed deposit, equal to 6 months rent, which will stay until the termination of the lease agreement.

Notes to the Financial Statements

2023	2022
TDKK	TDKK

15. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

Contractual obligations 31.12.2023 related to research and development activities amount to DKK 407,970 thousand. In connection with the lease of new business premises the Company also has contractual obligations as of 31.12.2023 for capital investments amounting to DKK 2,179 thousand.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 22,512,226. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

Notes to the Financial Statements

16. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Dr. Frederik Paulsen Foundation Seefeldstrasse 279a 8008 Zurich Switzerland	Parent Foundation
Isula Corporation S.á.r.l. 7 Rue Robert Stümper, L-2557 Luxembourg	Intermediate Parents
Insula (Holding) S.á.r.l. 7 Rue Robert Stümper, L-2557 Luxembourg	Intermediate Parents
Ferring International BV Siriusdreef 31 2132 WT Hoofddorp The Netherlands	Intermediate Parents
Ferring Foundation BV Siriusdreef 31 2132 WT Hoofddorp The Netherlands	Intermediate Parents
Ferring Holding S.A. Chemin Da La Vergognausaz 50 1162 Saint-Prex, Vaud Switzerland	Intermediate Parents
Ferring B.V. Polarisavenue 144 2132JX Hoffddorp The Netherlands	Immediate Parent

Transactions

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
Income from related parties	1,451,610	1,285,226
Purchase of goods from related parties	4,988	7,417
Purchase of services from related parties	119,657	149,731
Transactions with related parties	<u>1,576,254</u>	<u>1,442,374</u>

Remuneration to the Executive board is disclosed in note 2.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Insula Corporation S.á r.l.	7 rue Robert Stümper, L-2557 Luxembourg

Notes to the Financial Statements

Ferring Holding S.A.

Chemin De La Vergognausaz 50
1162 Sant-Prex, Vaud
Switzerland

The Group Annual Report of Ferring Holding S.A. may be obtained at the following address:
The consolidated Financial Statement is available on Ferring.com

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
17. Fee to auditors appointed at the general meeting		
Audit fee	610	639
Other assurance engagements	88	242
Tax advisory services	1,007	1,740
	<u>1,705</u>	<u>2,621</u>

Notes to the Financial Statements

18. Accounting policies

The Annual Report of Ferring Pharmaceuticals A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2023 are presented in TDKK.

Changes in accounting policies

With effect as from the financial year 2023, the Company has chosen to recognise loss on sale of fixed assets as other operating expenses. So far, the Company has recognised loss on sale of fixed assets as amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment.

Comparatives have been restated upon changing the accounting policies.

The year's net profit and equity are not affected by the change.

Consolidated financial statements

The Company is included in the consolidated financial statements of the ultimate Parent Foundation Dr. Frederik Paulsen Foundation. The Consolidated financial statements are available on Ferring.com.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Ferring Holding S.A., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement

Income statement

Revenue

Revenue is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with all Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Licenses are amortised over the period of the agreements, which is 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	Term of years lease

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Other fixed asset investments

Other fixed asset investments consist of deposits and prepaid rent and are recognised in fixed assets investments and measured at amortised cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities.

Notes to the Financial Statements

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$